

M E M O R A N D U M



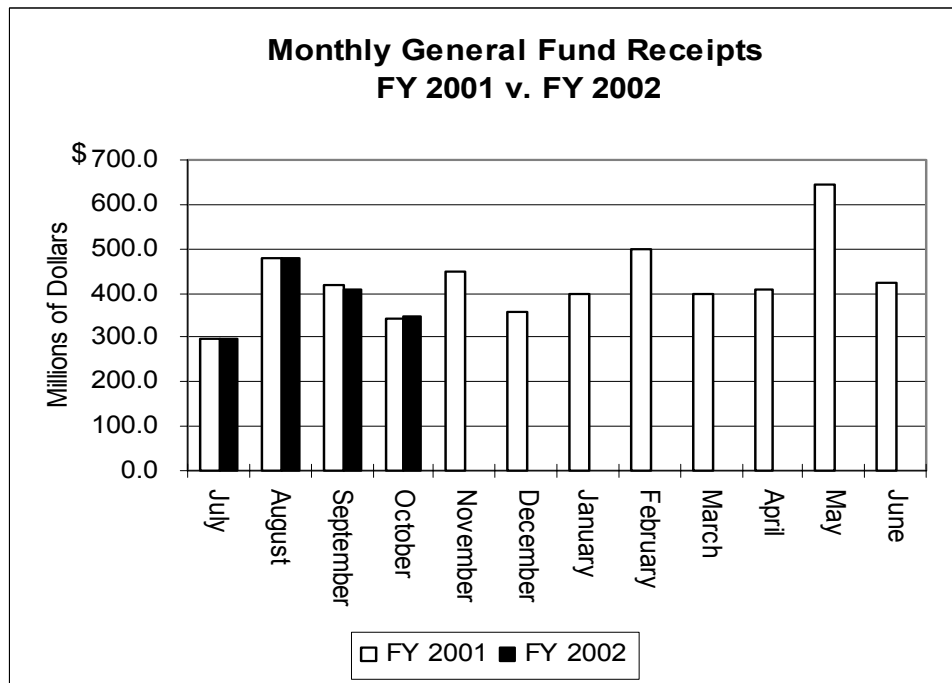
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: November 1, 2001

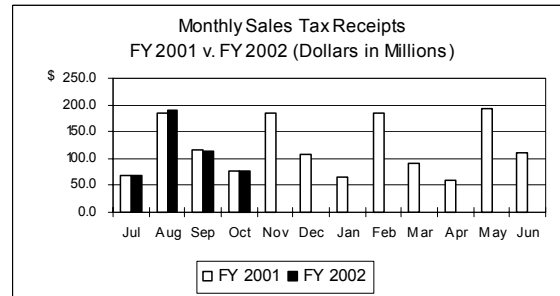
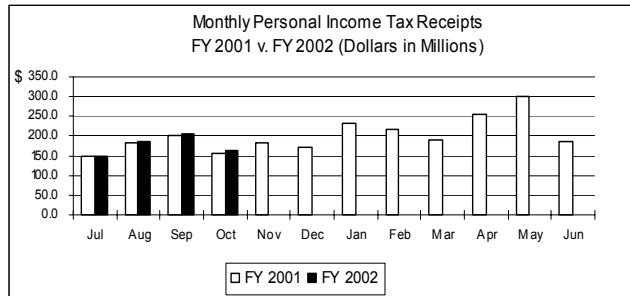
Monthly General Fund Receipts through October 31, 2001

The attached spreadsheet represents total FY 2002 estimated General Fund receipts, with comparable figures for actual FY 2001. These can be compared to the FY 2002 estimate (\$5,212.9 million) set by the Revenue Estimating Conference (REC) on October 11, 2001. The estimate represents an increase of \$98.4 million (1.9%) compared to actual FY 2001. The REC will meet in December to reevaluate the October 11 estimates.



FY 2002 Compared to FY 2001

Year-to-date FY 2002 revenue decreased by \$7.1 million (0.5%) compared to FY 2001. This is below the REC estimate of 1.9% for FY 2002.



Gross personal income tax revenues received in October totaled \$163.4 million, an increase of \$6.7 million (4.3%) compared to October 2000.

The REC FY 2002 income tax estimate of \$2,499.6 million represents a projected increase of 3.0% compared to actual FY 2001. The actual year-to-date growth in personal income tax is currently 1.6%.

The State tracks personal income tax in three sub-categories:

Withholding receipts in October increased 2.3% compared to October 2000.

Estimated tax payments in October increased 9.9% compared to October 2000.

Tax payments with returns in October increased 23.8% compared to October 2000. The majority of these revenues are collected when taxpayers file annual personal income tax returns and are received during the mid-March to April 30 filing period.

The Chart above compares monthly personal income tax receipts for FY 2001 with FY 2002.

Gross sales tax revenues received in October totaled \$77.2 million, an increase of \$1.1 million (1.4%) compared to October 2000.

The REC estimate for FY 2002 sales tax receipts is \$1,489.0 million, which represents an increase of 3.3% compared to actual FY 2001.

The Chart above compares monthly sales tax receipts for FY 2001 with FY 2002.

Corporate income tax receipts in October were \$22.4 million, a decrease of \$5.2 million (18.8%) compared to October 2000.

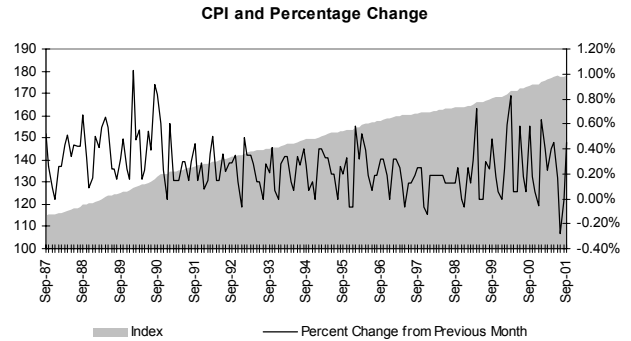
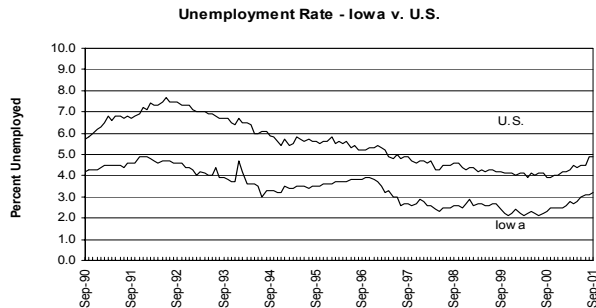
The REC projected FY 2002 corporate income tax receipts at \$242.1 million, a decrease of 15.0% compared to actual FY 2001. The actual FY 2001 decrease was 12.6% compared to FY 2000.

Status of the Economy

The September seasonally adjusted State unemployed percent increased to 3.2% from the August level of 3.1%. The unemployment rate a year ago was 2.6%. The current unemployment rate is the highest in the State since July 1997. Iowa's total adjusted September employment registered at 1,553,500, up 33,000 from last year's level. The number of unemployed persons in Iowa was recorded at 51,900 in September, which is up 11,800 compared to last year's level. The U.S. unemployment rate remained at 4.9% for September from August, but up from the September 2000 rate of 3.9%.

Consumer prices increased in September from the August level by 0.5%. The Consumer Price Index (CPI-U) through September 2001 was 178.3 (1983=100), which is 2.6% higher than one year ago.

The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through September 2001.



Information related to State General Fund receipts is available electronically through the Fiscal Bureau's Electronic Publishing of Information System (EPI). If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616).

